April 6, 2009

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

Climate change is widely acknowledged as the largest sustainability challenge facing humanity and the world. I am extremely concerned that the currently proposed Carbon Pollution Reduction Scheme will not reduce emissions rapidly enough to avert the catastrophic effects of climate change.

I believe that there are some fundamental flaws with the current scheme that must be fixed. Its fundamental flaws are:

- The unconditional greenhouse target of 5% emission reductions by 2020 is far lower than the 25% to 40% target range flagged at the United Nations Bali Convention on climate change in 2008.

- It encourages the growth of highly polluting Energy Intensive Trade Exposed (EITE) industries' (such as aluminium smelters) by allocating them 25% of permits free of charge, increasing to 45% by 2020. This is in direct conflict with the recommendations in the final Garnaut report.

- Free permits are given to coal power over the first 5 years. This provides windfall profits to polluters and encourages dirty coal power to continue in the short term.

- Permits are property rights instead of temporary licenses. This means that polluters who get them will be paid compensation in the future if more stringent emission reductions are introduced.

- There is no limit on overseas offsets, so Australia's emissions could increase and emission permits bought from overseas to "offset" them.

- The cap on the CO2 price of around $40/tonne for the first 5 years excludes renewable energy in the absence of other incentives.

- 'The high "cap" is also a 'floor' so emission reductions by households will be simply on sold by power stations to other polluters, resulting in no actual emission reductions.

The combined effect of these flaws is that Australia's actual carbon emissions will rise by 2020 rather than fall. The CPRS legislation fails to make the slightest impact on addressing climate change.

Yours sincerely,

Govind Maksay